

Extension of Depository Contract

March 23, 2021

SUMMARY:

This item requests the extension of the Bank Depository Contract for the two-year term from 7/1/2021 through 6/30/2023.

BOARD GOAL:

Growth & Management – Demonstrate effective and efficient management of district resources

PREVIOUS BOARD ACTION:

BBVA USA Bank was awarded the depository contract on April 21, 2015, for the two-year term from 7/1/2015 through 6/30/2017. On April 11, 2017, the Board approved the extension of the depository contract for the period 7/1/2017 through 6/30/2019. On April 9, 2019, the Board approved the extension of the depository contract for the period 7/1/2019 through 6/30/2021.

BACKGROUND INFORMATION:

The Texas Education Code (TEC) §45.205(b) was amended as of September 1, 2017, to allow the school district depository contract to be extended a total of three two-year terms. In addition, the changes to the law allows the depository contract to be modified for each two-year extension if both the school district and the district's depository bank mutually agree to the terms.

SIGNIFICANT ISSUES:

The District and BBVA USA Bank extended the depository contract for a two-year term on April 9, 2019. The online banking (E-Access) tool is helpful in the day to day cash management of the district. BBVA USA provides excellent service, and we have a good relationship with the local representatives.

FISCAL IMPLICATIONS:

The District and BBVA USA Bank both agree to the existing terms and conditions for banking services and rates. The current contract will be extended for an additional two-year term.

BENEFIT OF ACTION:

Our current working relationship with BBVA USA Bank is very good. BBVA USA provides quality service and prompt response to questions. Approval of this contract extension will allow us to continue our current banking procedures.

PROCEDURAL AND REPORTING IMPLICATIONS:

The TEC, §45.208(e), was amended by Senate Bill 1376 in 2019. As a result, a school district is only required to submit its direct deposit account information to TEA. A district's Depository Contract, Depository Contract Extension, and/or Texas Surety Bond form, if applicable, are no longer required to be submitted to TEA. All other depository contract rules are still in effect.

ALTERNATIVES:

Bid for depository bank contract.

SUPERINTENDENT'S RECOMMENDATION:

Recommend approval of the *Board Resolution Extending Depository Contract for Funds of Independent School Districts* to extend the depository contract with BBVA USA Bank for an additional two-year term from 7/1/2021 through 6/30/2023.

STAFF PERSONS RESPONSIBLE:

Dr. J. Scott Niven, Chief Financial Officer
Vicki Garcia, Executive Director Financial Operations
Julie J. Simpson, Director of Finance

ATTACHMENT:

Board Resolution Extending Depository Contract for Funds of Independent School Districts